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DIVISION OF
OIL, GAS & MINING

5M, INC., P.O. BOX 752, HURRICANE, UTAH 84737 (801) 635-4473

March 25, 1988

State of Utah
Natural Resources
Division of Oil, Gas & Mining
355 North Temple
3-Triad Center - Suite 350
Salt Lake City, Utah 84180

Attn: Mr. Lowell P. Braxton
Administrator, Mineral Resource
Development & Reclamation Program

Dear Mr. Braxton:

With reference to your letter to us dated March 10, 1988, regarding the permitting and reclamation status of the Silver Reef mine located in Washington County, Utah, and including the meetings previously held on February 17, 1988, with members of your staff, Mr. David Wham and Frank Filas, we are, herewith, submitting to you the Reclamation Plan for the Silver Reef minesite, involving the present onsite facilities and developments.

We have now petitioned the Board of Oil, Gas, & Mining, requesting that the monies recently forfeited by Kerley Mining & Chemicals, Inc. be retained by the Division of Oil, Gas & Mining as reclamation surety required for keeping current a standby permit on the Silver Reef mine which is presently under a state of suspended operations.

It is the intent of 5M, Inc. to work diligently with the Division of Oil, Gas & Mining, and staff members, in obtaining approval of our current Reclamation Plan. Also, this letter is to notify you that cleanup and reclamation efforts are now well in progress on the property.

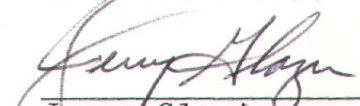
We look forward to again meeting with your staff members here in Hurricane this next week, and to formalize the objectives of this reclamation work.

We thank you for your cooperation and assistance with

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this project. Should you or your staff have any questions, or need for any additional information, please feel free to contact us.

Very sincerely,


Jerry Glazier,
President

JG:s

ENCL: 1) Reclamation Plan
2) Copy of Petition Letter